



INDIAN RAILWAY FINANCE CORPORATION LIMITED

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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IRFC WHISTLE BLOWER POLICY/ VIGIL MECHANISM

This policy shall be called " IRFC Whistle Blower Policy/Vigil Mechanism"

1. PREFACE

- 1.1 As per Section 177 of the Companies Act, 2013 and relevant Rules thereon, every listed company and the companies belonging to such class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances. The details of establishment of such mechanism shall be disclosed by the company on its website, if any, and in the Board's report, in the report on Corporate Governance in the Annual Report of the Company. Further, regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations {SEBI (LODR) Regulations} inter-alia provides for a mandatory requirement for all listed companies to establish a vigil mechanism called 'Whistle Blower policy' for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct. Further SEBI (LODR) Regulations also provides that the company should devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. Further, as per clause 9A (6) of Prevention of Insider Trading (PIT) Regulations, 2015 states that the listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.
- 1.2 In pursuance to Section 177 & Rules framed under the Companies Act, 2013 read with SEBI (LODR) Regulations, IRFC Whistle Blower Policy/Vigil Mechanism is formulated to provide an opportunity and an avenue to IRFC directors and employees, to raise concerns and to access in good faith the Audit Committee, in case they observe any unethical and improper practices or any other wrongful conduct in the company. It seeks to provide necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against such employees. The main intent of the policy is to ensure that IRFC continues to strive to the highest possible standards of Ethical, Moral, and Legal Business conduct and its commitment to open communication.
- 1.3 However, a disciplinary action against the Whistle Blower which occurs on account of poor job performance or misconduct by the Whistle Blower, and which is independent of any disclosure made by the Whistle Blower, shall not be protected under this policy.
- 1.4 For the sake of absolute clarity, it is specified that the Whistle Blower Policy does not tantamount, in any manner, to dilution of the vigilance mechanism in IRFC. Any Protected Disclosure made by an employee under this policy, if perceived to have a vigilance angle, shall be referred to the Chief Vigilance Officer, IRFC, as per the existing practice.
- 1.5 This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers.
- 1.6 Whistle Blower Policy shall extend to cover Directors, Employees, customers and investors, suppliers, lenders, service providers and bondholders of IRFC.

2. DEFINITIONS

- a) "Audit Committee" means the Audit Committee of the Board constituted by the Board of Directors of IRFC
- b) "Board" means the Board of Directors of the Company.
- c) "IRFC" means Indian Railway Finance Corporation Limited.
- d) "Competent Authority" means Audit Committee, which shall oversee the Whistle Blower Policy/Vigil Mechanism and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.
- e) "Complaint" means an expression of an 'Improper Activity' made in writing by the 'Complainant' in conformity with this Policy.
- f) "Complainant" means a Director or Employee of the Company and / or its subsidiary companies or a group of such persons, who have made the complaint under this Policy. Complainant is also referred to in this Policy as "Whistle Blower" and as per clause 1.6 of the policy.
- g) "Disciplinary Action" shall mean any punitive action that can be taken against the accused, where the Audit Committee finds him / her guilty on completion of / during the investigation proceedings.
- h) "CMD" means the Chairman & Managing Director of IRFC
- i) "Employee" means an employee as defined in the IRFC (Conduct, Discipline & Appeal Rules)
- j) "Improper Activity" means Unethical behavior, actual or suspected fraud or Violation of the company's general guidelines on conduct or ethics by any employee of IRFC.
- k) "Investigators" means those persons authorized, appointed, consulted or approached by the Competent authority in connection with conducting investigation into a protected disclosure and include the Auditors of IRFC.
- l) "Motivated Complaint" means a complaint found to be deliberately false or motivated by revenge, mischief or such other considerations.
- m) "Protected Disclosure" means a concern raised by a written communication made in good faith that discloses or demonstrates information that may be treated as evidence of unethical or "Improper activity"
- n) "Service Rules" means the IRFC Discipline and Appeal Rules.
- o) "Subjects" means an employee – officer/staff against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of investigation.
- p) "Unpublished price sensitive information" means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: i) financial results; ii) dividends; iii) change in capital structure; iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of Business and such other transactions; v) changes in key managerial personnel.
- q) "Victimization" means any act by which the Complainant/Whistle Blower is victimized for making a Complaint in good faith.
- r) "Whistle Blower" means a Complainant, who makes a protected Disclosure under this policy. Whistle Blower is also referred to in this policy as "Complainant".

3. ELIGIBILITY

All Directors, Employees, customers and investors, Complainant, suppliers, lenders, service providers and bondholders of IRFC are eligible to make "Protected Disclosures".

4. GUIDELINE PRINCIPLES

- 4.1 Protected Disclosures shall be acted upon in a time bound manner.
- 4.2 Complete confidentiality of the Whistle Blower will be maintained.
- 4.3 The Whistle Blower and / or the person(s) processing the protected disclosure will not be subjected to victimization.
- 4.4 Evidence of the protected Disclosure will not be concealed and appropriate action including disciplinary action will be taken in case of attempts to conceal or destroy evidence.
- 4.5 'Subjects of the Protected Disclosure i.e., employee against or in relation to whom a protected Disclosure has been made, will be provided an opportunity of being heard.
- 4.6 The Whistle Blower should bring to attention of the Competent Authority at earliest any improper activity or practice. Although they are not required to provide proof, they must have sufficient cause for concern.
- 4.7 The Whistle Blower shall co-operate with investigating authorities, maintaining full confidentiality.

5. WHISTLEBLOWER- ROLE& PROTECTIONS

Role:

- 5.1 The Whistle Blower's role is that of a reporting party with reliable information.
- 5.2 The Whistle Blower is not required or expected to conduct any investigations on his own.
- 5.3 The Whistle Blower may also be associated with the investigations, if the case so warrants. However, he shall not have a right to participate.
- 5.4 Protected Disclosure will be appropriately dealt with by the competent authority.
- 5.5 The Whistle Blower shall have a right to be informed of the disposition of his disclosure except for overriding legal or other reasons.
- 5.6 The Whistle Blower shall report the Protected Disclosure to the Audit Committee or any other member of the Audit Committee nominated by the Committee. However, in appropriate or exceptional cases he may report the same to the Chairperson of the Audit Committee.

Protections:

- 5.7 Genuine Whistle Blowers will be accorded protection from any kind of harassment/unfair treatment/victimization. However, motivated and frivolous disclosures shall be discouraged.
- 5.8 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which

the Whistle Blower may experience as a result of making the Protected Disclosure. If the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, arrangements will be made for the Whistle Blower to receive advice about the procedure. Expenses incurred by the Whistle Blower in connection with the above, towards travel etc. will be reimbursed as per normal entitlements.

- 5.9 A Whistle Blower may report any violation of clause 5.8 above to the Competent Authority who shall investigate into the same and take corrective action, as may be required.
- 5.10 Any other Employee assisting in the said investigations shall also be protected to the same extent as the Whistle Blower.
- 5.11 Whistle Blower should not enter into any correspondence with the Competent Authority in their own interest. If any further clarification is required, the Whistle Blower will be contacted.

6. PROCEDURES– ESSENTIALS AND HANDLING OF PROTECTED DISCLOSURE:

- 6.1 The protected Disclosure/Complaint should be attached to a letter bearing the identity of the Whistle Blower/complainant, i.e., his/her Name, Employee Number and Location, and should be inserted in an envelope which should be **closed/secured/sealed**. The envelope thus secured/sealed should be addressed to the Competent Authority and should be **superscribed "Protected Disclosure"**. (If the envelope is not superscribed and closed/sealed/secured, it will not be possible to provide protection to the Whistle Blower as specified under this policy). All Protected Disclosures should be reported in writing by the Whistle Blower as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English or Hindi or local language as applicable.
- 6.2 Anonymous or pseudonymous Protected Disclosure shall not be entertained.
- 6.3 Protected Disclosure should either be typed or written in legible hand writing in English, Hindi or regional language of the place of the employment of the Whistle Blower and should provide a clear understanding of the improper Activity involved or issue / concern raised. The reporting should be factual and not speculative in nature. It must contain as much relevant information as possible to allow for preliminary review and proper assessment.
- 6.4 The Contact details of the Competent Authority for addressing and sending the Protected Disclosure is as follows:
The Audit Committee
C/o Chairman and Managing Director
Indian Railway Finance Corporation Limited
UG Floor, East Tower, NBCC Place, Bhisham Pitamah Marg,
Pragati Vihar, Lodhi Road, New Delhi – 110003
- 6.5 The Confidential section, as nominated by CMD, shall maintain a record of the protected disclosure received. The Confidential Section shall inform Audit Committee about receipt of the protected disclosure within three days of its receipt and it shall submit the same to the Audit Committee in the sealed condition in its immediate next meeting.
- 6.6 The Audit Committee shall meet, where CMD will be special invitee for this purpose, and weed out frivolous complaints and the protected disclosures(s) which require further investigation shall be forwarded to the investigator(s), to be appointed in consultation with CMD, through the Confidential Section. The Audit Committee shall also have powers to seek opinion from any expert.

7. INVESTIGATIONS AND THE ROLE OF INVESTIGATORS: Investigation

- 7.1 Investigation shall be launched if the Audit Committee is satisfied after preliminary review that:
 - (a) the alleged act constitutes an improper or unethical activity or conduct, and
 - (b) the allegation is supported by information and specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter deserves investigation.

- 7.2 The decision taken by the Audit Committee to conduct an investigation is, by itself, not to be construed as an accusation and is to be treated as a neutral fact finding process.
- 7.3 The identity of the subject(s) and the Whistle Blower will be kept confidential.
- 7.4 Subject(s) will normally be informed of the allegation at the commencement of a formal investigation and will be given opportunities for providing their inputs during the investigation.
- 7.5 Subject(s) shall have a duty to co-operate with the investigators(s) during investigation to the extent that such co-operation will not compromise self- incrimination protection available under the applicable laws.
- 7.6 Subject(s) have a responsibility not to interfere with the investigations. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the subject(s).
- 7.7 Unless there are compelling reason not to do so, Subjects(s) will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.8 The investigation shall be completed normally within 45 days of the receipt of the protected disclosure by investigator(s) or such extended period as the Competent Authority may permit for reasons to be recorded.
- 7.9 Subject(s) have a right to be informed of the outcome of the investigation.

Role of Investigator(s)

- 7.10 Investigator(s) are required to conduct a process towards fact finding and analysis. Investigator(s) shall derive their authority from Competent Authority when acting within the course and scope of their investigations. The investigators shall submit his/their report to the Competent Authority.
- 7.11 All investigators shall perform their role in an independent and unbiased manner. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of professional standards. The investigation would be conducted as a neutral fact finding process and without any presumption of guilt. A written report of the findings would be essential.
- 7.12 **CONFIDENTIALITY**
The Whistle Blower, Subject, Investigator(s), Member(s) of Audit/Screening Committee, the Chairman of the Audit Committee, Competent Authority and other connected with a Protected disclosure shall maintain confidentiality of all matters under this policy, and they shall disclose/discuss only to the extent or with those person(s) as required under this policy for completing the process of investigation and keep papers and other materials in safe custody.

8. ACTION

- 8.1 If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which is an offence punishable in law, the Competent Authority may direct the concerned authority to take disciplinary action under applicable statutory provisions including referring the matter to Chief Vigilance Officer of IRFC for Appropriate action.
- 8.2 The Competent Authority shall take such other remedial action as it deem fit to remedy the improper activity mentioned in the Protected Disclosure and / or to prevent the re-occurrence of such improper activity.
- 8.3 If the investigation discloses that no further action on the protected disclosure is warranted, the report shall be filed in the Confidential Section.

9. REPORTING AND REVIEW

The Competent Authority shall submit a quarterly report of the protected disclosures received and of the investigations conducted, and of the action taken to the Board of Directors for information and review.

10. NOTIFICATION

The Directors and the Employees shall be construed to have been given a copy of this Policy by placing the same on IRFC website.

11. ANNUAL AFFIRMATION

The Company shall annually affirm that it has not denied any employee access to the Audit Committee and that it has provided protection to the Whistle Blower from adverse action. The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the company.

12. REVIEW & AMENDMENTS

This policy may be reviewed by the Board from time to time and amended if required, including in view of changes in the regulatory environment, if any.

The Chairman & Managing Director is authorized to carry out minor modifications in this policy and to approve such changes, as may be required in order to comply with the applicable / amended provisions of law or to comply with any direction, circular etc. issued by the Regulator(s); and to settle any issue with respect to interpretation of this policy.

13. RETENTION OF DOCUMENTS

All Protected Disclosure in writing along with the result of investigation Relating thereto shall be retained by the Company, in safe custody for minimum period of 8 years or such other period as specified by any other law in force whichever is more.

14. SECRECY/CONFIDENTIALITY

The Whistle Blower, the Subjects, the Investigator and everyone involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter
- b. not discuss the matter in any informal/social gatherings/ meetings
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
- d. not keep the papers unattended anywhere at any time
- e. keep the electronic mails/files under password

If any one is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.